

SOCIO-ECONOMIC IMPACT OF CPEC ON PAKISTAN

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Abstract

Trade through economic corridors comprising land routes and sea-lanes has been rapidly multiplying in velocity and volume due to globalization. Velocity refers to the intensity and increase in the number of interactions. Volume is related with the density of goods that are being exchanged. Ancient Silk Road has been one such corridor. It connected China, Eurasia and the World with mutually beneficial trade and shared economic dividends having social, cultural and religious impacts. The Belt and Road Initiative (BRI) is reincarnation of ancient Silk Road, albeit much larger in scope and magnitude. China Pakistan Economic Corridor (CPEC) is one of the multiple strands of this whole that will connect 60 plus countries. Chinese vision for BRI revolves around voluntary participation and mutually beneficial trade respecting UN Charter. China is proposing a combination of loans, Foreign Direct Investment (FDI) and Built Operate and Transfer (BOT) investments for realisation of BRI. Operationalization of CPEC will bring obvious advantages in multiple spheres including socio-economic impacts, mostly positive for Pakistan.

Keywords: BRI, CPEC, Ancient Silk Road, Mutually Beneficial Partnership, Socio Economic Dividends, advantage to People and Society.

Introduction

Taking theoretical insights from the work of Roland Robertson the process of globalization may be defined in the context of 'globalization'.¹ This ranges from nationalization particularity to the adoption of cosmopolitanism. By focusing on the intermingling of global and local is to accept the plurality and inclusivity in different geographic areas. Thus, "Commodities and the media are seen not as (totally) coercive but rather as providing material to be used in individual and group creation throughout the localized areas of the world".²

This means the world is moving towards growing migration, wide variety of identities and intercultural discourse. The focus is more on inclusivity and acceptance of differences. It may include preservation of specifics with possibilities of varied potentialities.

This study also attempts to focus on contemporary work on IR theory that combines geography and cultural studies.³ However the significance of this study is linked with the notion of global inequality and asymmetry and the core concern to

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co-existence, as enshrined in the UN Charter. The document offers macro level recommendations leaving most of the details to the partner countries.

It lays adequate emphasis to address concerns on climate change and to promote 'green and low carbon infrastructure construction'.¹⁶ President Xi Jin Ping's thought on the whole process is woven around the spirit of mutual respect, commonality of objectives of socio economic development of partner countries, connectivity, partnership rather than alliances, interdependence and mutually beneficial commerce.¹⁷ In a recent address at 55th Munich Security Conference the Chinese member of Political Bureau of the Communist Party of China (CPC), H.E. Yang Jiechi echoed Chinese leaderships' thought on upholding values like principle of sovereignty, dialogue, consultation, rule of law and win-win cooperation for achieving common development.

All countries aimed at "Working for a Community with a Shared Future for Mankind by Promoting International Cooperation and Multilateralism."¹⁸ This amply highlights that China in no way intends forcing its choices or dominate the cooperation of willing states envisioned towards attainment of the goal of shared gains and perceptions to mitigate the challenges of the 21st Century. Chinese Foreign Minister Mr Wang Yi elaborated these points further in a press conference on March 8, 2019 at Beijing and stressed that China's Diplomacy shall endeavour to 'bring certainty to a World full of uncertainties'.¹⁹

CPEC Summary Plan issued in February 2017 encompasses execution of CPEC vision and objectives through short-term projects till 2020, medium term till 2025 and long term up to 2030. Seven Joint Working Groups (JWG) comprising officials from both the countries have been constituted to oversee the execution of this Plan.²⁰ These JWGs are working under Joint Coordination Committee (JCC) on CPEC.²¹ Several figures are in circulation on the cost of CPEC. As of now the cost of project stands at US Dollar 58 billion.²² It's a combination of grants, soft loans, zero interest based loans and direct investment. Out of this amount only \$ 6.017 billion are the loans that government of Pakistan will have to pay. Pakistan will start repaying these loans with effect from 2021.²³

As Pakistan was going through severe power shortages affecting its people and economy; therefore early harvest projects included production of 10400 of Megawatt electricity as priority.²⁴ Major part of the finances goes into electricity producing projects, development of infrastructure, establishment of Special Economic Zones (SEZs) and building of Gwadar Port. These are Foreign Direct Investment (FDI), or Built Operate Own Transfer (BOOT) or Built Operate Transfer (BOT) projects. Major funding of these projects has been done by the Chinese Banks. Chinese companies, which have invested in these projects, are responsible to pay back these loans. Communication infrastructure warranted up gradation and expansion as well. These areas were therefore accorded priority in planning and execution of CPEC.

NOTES

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